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Chairman: Mr. Ali ..... (Malaysia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Saha

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The meeting was called to order at 10.10 a.m.

Agenda item 127: Programme budget for the biennium 2006-2007 (*continued*)

Agenda item 128: Proposed programme budget for the biennium 2008-2009 (*continued*)

Administrative expenses of the United Nations Joint Staff Pension Fund and recommendation for ad hoc measure in response to General Assembly resolution 61/240 (A/62/7/Add.3 and A/62/175)

Administrative and financial implications arising from the report of the United Nations Joint Staff Pension Board (A/62/7/Add.13; A/C.5/62/2)

1. **Ms. González Posse** (Chairman of the United Nations Joint Staff Pension Board), introducing the report of the United Nations Joint Staff Pension Board on the administrative expenses of the United Nations Joint Staff Pension Fund (A/62/175), said that the report covered the Pension Fund's programme budget for 2006-2007 and its proposed programme budget for 2008-2009. Additionally, as an exception, it responded to General Assembly resolution 61/240 inviting the Board to present a viable ad hoc measure to adequately attenuate the adverse consequences arising from dollarization in Ecuador.

2. Section I of the report reflected the continued growth in the size and scope of the Fund's operations. There were currently 22 member organizations and more than 155,000 active participants and beneficiaries. That represented a 42 per cent increase, over the previous 10 years, in the number of individuals served by the Fund. As at 31 October 2007, the Fund's assets had a market value of $42.3 billion, the highest level ever. Annual benefit payments amounted to over $1.5 billion.

3. The administrative expenses of the Fund consisted of three main components: administrative, investment and audit costs. As requested by the Standing Committee of the United Nations Joint Staff Pension Board and ACABQ, the Fund had revised its budget presentation to the results-based budgeting format. Resources were therefore requested in line with the Fund's programmes. Only summarized information had been given in the main part of the document; justifications and subsidiary information were provided in the annexes.

4. The performance report for the biennium 2006-2007 showed a reduction in appropriations of $6.1 million, comprising underexpenditures of $1.5 million on administrative costs and $4.6 million on investment costs. After accounting for the reduction, the revised appropriations for the biennium 2006-2007 would be $104,537,700, of which $16.2 million was chargeable to the United Nations under the cost-sharing arrangement. The Board had also recommended a revised appropriation of $144,100 in respect of extrabudgetary costs funded by the member organizations.

5. The third section of the report contained the proposed budget for the biennium 2008-2009. It gave explanations about resource growth and/or savings for each of the three main components of the budget. The administrative component covered the cost of managing contributions, paying pension benefits, operating information technology systems and providing administrative services to Fund staff members; investment costs related to all actions required to obtain an optimal return on investments and to diversify the Fund's portfolio; and audit costs related to both internal and external auditing of the administrative operations of the Fund secretariat and investment operations of the Investment Management Service. For each component, a summary table outlined the objects of expenditures, post requirements and activities involved.

6. In keeping with past practice, the Standing Committee of the Board had appointed a working group to review the budget estimates for the biennium 2006-2007 and make recommendations on the Fund's budget proposals for the biennium 2008-2009. The Board's discussions of its proposed budget were reflected in annex V of the report. In line with the proposals of the working group, the Board had agreed to recommend budget estimates for 2008-2009 totalling $151 million, including $76 million for administrative costs, $72 million for investment costs, $2.6 million for audit costs and $62,700 for Pension Board expenses. Of the total amount, $132 million would be apportioned to the Fund and $19 million to the United Nations. The amount estimated for Pension Board expenses would be charged against the principal of the Fund. The Board had also approved extrabudgetary costs of $153,600 for the after-service health insurance system.

7. Regarding the posts associated with administrative costs, the Board recommended additional resources for a total of 15 new posts, 1 reclassification and the conversion of 3 posts from temporary to permanent. It had also agreed that 1 extrabudgetary post for the after-service health insurance system should be continued. For the Investment Management Service, the Board recommended a total of 10 new posts and 1 reclassification.

8. The Fund would spend over $700,000 in 2007 to prepare for the migration from its legacy information technology system to an enterprise resource plan. A full implementation strategy for that plan, including a budget and project plan, would be presented to the Board in 2008.

9 The working group had approved part of the Fund's request for posts and had agreed that it would be an opportune time to consider a strategic approach to its human resource requirements. The Chief Executive Officer of the Fund and the Secretary-General's representative for investments would therefore review the staffing and organizations structure in their respective areas. The Board would consider their report in 2008.

10. Since the Fund's relocation to new premises in April 2005, its staffing requirements — including those submitted in the current report — had increased by 23 per cent and therefore necessitated further space. The estimated costs for rental and renovation included provision for that additional requirement in New York. In addition, the office in Geneva had had to be upgraded and relocated owing to the creation of a new client servicing unit, additional staffing needs and a growing concern about accessibility to the Palais des Nations by the Fund's clients. Good quality space had been located near the Palais des Nations within the current appropriation and that office had completed its relocation in September 2007.

11. On the question of tax equalization, the Pension Board recommended that the Assembly should give its approval for tax reimbursements for Fund staff to be charged to the Tax Equalization Fund maintained by the Secretary-General in respect of United Nations General Fund activities. The Board also requested authorization to supplement contributions to the Emergency Fund for the biennium 2008-2009 by an amount not exceeding $200,000.

12. On an exceptional basis, as set forth in section V of its report, in response to a General Assembly resolution requesting a proposal for a viable measure to attenuate the adverse effects arising from dollarization in Ecuador, the Board had agreed to propose an ad hoc and one-time ex gratia payment to the retirees and other beneficiaries of the Fund who had been affected. The actuaries had agreed that if the payment was limited to a one-time payment made only to those affected between 1 January 2000 and 30 June 2007, the eligible recipients would be a closed group and the parameters would therefore be defined so as to contain the costs fully. The estimated cost of such a payment was $500,000, which would be met from the principal of the Fund. The Board specifically noted that the proposed payment would not serve as a precedent for any future action.

13. Lastly, she pointed out that the Advisory Committee on Administrative and Budgetary Questions had recommended that the revised estimates for the biennium 2006-2007 should be approved in the amount of $104,461,100, thus fully supporting the Board's proposal. However, the revised figure of $104,537,700 for the proposed budget was based on more up-to-date expenditures. ACABQ had also agreed with the Board's recommendation that the proposed budget be approved in the amount of $142,271,300 before recosting, or in the amount of $150,995,100 after recosting. Of the latter amount, $132 million would be chargeable directly to the Fund, while the United Nations share would be $19 million.

14. **Ms. Van Buerle** (Director, Programme Planning and Budget Division), introducing the report of the Secretary-General on administrative and financial implications arising from the report of the United Nations Joint Staff Pension Fund (A/C.5/62/2), said that the overall requirements of $19 million (at 2008-2009 rates) represented the United Nations share in the administrative and audit costs of the Fund, with the additional requirements arising mainly from proposed staffing changes, computer-related maintenance and services and rental of premises related to the additional posts proposed for the biennium 2008-2009.

15. When the revised distribution rate of 63.1 per cent was applied to the proposed overall requirements, the revised regular budget share came to $11,998,100. An amount of $11,239,900 had already been included under section 1 of the proposed programme budget. Should the General Assembly

endorse the Board's proposals, an additional $748,200 would therefore be required.

16. **Mr. Saha** (Chairman of the Advisory Committee on Administrative and Budgetary Questions (ACABQ)), introducing the related reports of the Advisory Committee (A/62/7/Add.3 and Add.13), said that the budget document should be further streamlined and shortened, and that the annexes should focus on essential facts and figures. Given its investments in administrative and technological capacities, the United Nations Joint Staff Pension Fund should be in a position to reflect more up-to-date expenditures.

17. The Advisory Committee supported the Pension Board's recommendations on the proposed staffing of the Fund.

18. With regard to the proposal for an ad hoc, one-time, ex gratia payment to pension recipients and beneficiaries who had been adversely affected by dollarization in Ecuador, such a payment would create a precedent that could make the Fund vulnerable to similar requests. The payment would not be in conformity with the regulations of the United Nations Joint Staff Pension Fund, in particular its income replacement principle. In the opinion of the Advisory Committee, the matter was a policy decision to be taken by the General Assembly.

19. **Mr. Farooq** (Pakistan), speaking on behalf of the Group of 77 and China, said that the Group agreed with the proposed budget of $151 million for the Joint Staff Pension Fund as well as its proposed staffing level for the biennium 2008-2009. He hoped that any posts that were approved would be filled by the end of 2007. A well-qualified and experienced person should be selected as Director of the Investment Management Service, since that person would be managing a portfolio of over $40 billion.

20. The Group supported approval of the revised estimate of $104.5 million for expenditures for the biennium 2006-2007 and commended the Fund for its efficiency gains.

21. As for pension recipients and beneficiaries who had been adversely affected by dollarization in Ecuador, the Board had brought forward sound proposals that, if approved, could settle the issue in a just and timely manner.

22. Subsequent reports of the Secretary-General should provide information on how the Pension Fund's considerable assets were being managed and how its investments were being diversified, especially in developing countries, and should include a comprehensive asset liability management study showing financial risks and recommendations for asset allocation.

23. **Mr. Fermín** (Dominican Republic), speaking on behalf of the Rio Group, agreed with the Advisory Committee that the measure proposed to mitigate the effects of dollarization on pensioners in Ecuador was a policy decision that should be made by the General Assembly at the current session. That being the case, his delegation was prepared to approve the measure.

24. He wished to have information on what measures were in place to guarantee that Pension Fund investments were made in developing countries, including countries in his region, in line with the policy of geographical diversification of such investments. He applauded the Fund's performance, which had resulted in a substantial increase in assets.

25. **Mr. Rashkow** (United States of America) commended the Pension Fund for maintaining a sound actuarial position and achieving a significant increase in the market value of its assets.

26. As the Fund grew, more stringent budget discipline must be applied, yet the proposed budget for the biennium 2008-2009 represented a 28 per cent increase before recosting, even though the Pension Board had reported underexpenditures for the preceding biennium. Furthermore, the Board had reported that 14 posts remained vacant in late 2007 but was requesting 25 additional posts for the following biennium. His delegation was of the view that the Fund should fully and effectively utilize all allocated resources before requesting additional funding and personnel.

27. Given the Fund's sizeable assets and the number of participants, effective oversight was required. The Office of Internal Oversight Services should therefore establish a permanent presence in the Pension Fund secretariat with auditors who were experts in the appropriate fields.

28. On the matter of an ad hoc, one-time, ex gratia payment to retirees in Ecuador, his delegation agreed with the Advisory Committee on Administrative and Budgetary Questions that such a payment would set a bad precedent and was not in conformity with Pension

Fund regulations and General Assembly resolutions. Moreover, the one-time payment would undermine the income-replacement principle, which was of primary importance. His delegation was concerned about the well-being of all former United Nations employees, but did not view the situation of the 79 pensioners in Ecuador as a "humanitarian concern". Given the generous manner in which pension benefits were calculated, those individuals must be considered well off by any standard of living, including that of Ecuador. All the persons in question had elected the dollar track for their pensions and had therefore benefited from receiving payments in dollars in the period preceding dollarization, when the value of the Ecuadorian currency was fluctuating. For all those reasons, the situation did not call for an Emergency Fund distribution, although individual cases might warrant a review by the Pension Fund. His delegation therefore strongly opposed the Board's request.

29. **Ms. Sánchez Izquierdo** (Ecuador) recalled that, following the severe economic and financial crisis of 1999 and 2000, the Ecuadorian Government had adopted an emergency dollarization policy, which had led to uncontrolled inflation and price escalation. Until the crisis, United Nations retirees in Ecuador had enjoyed an acceptable level of purchasing power. However, following dollarization, their pensions had been adversely affected not only by the domestic economic situation but also by the failure of the Pension Fund to make an appropriate adjustment designed to mitigate the negative effects of that situation.

30. The underlying principle of the pension adjustment system was the assurance that, when they retired, international civil servants would not lose purchasing power. Of course, when the relevant rules and regulations had been drafted, no one could have foreseen circumstances in which a country would abandon its own currency in favour of a foreign one. Thus, on previous occasions, on the basis of the reports and recommendations of the International Civil Service Commission and the Pension Board, a number of exceptional measures had been taken, such as the adoption and subsequent revision of the "Washington formula". In the case at issue, however, a variety of reasons had been given for the decision to deny Ecuadorian retirees similar treatment.

31. In 2004, when the issue had first been referred to by the General Assembly in its resolution 59/269, the Pension Board had failed to agree on a specific proposal and the Advisory Committee had not offered an opinion on the matter. Now, eight years after the economic crisis, the Pension Board had finally recommended a viable, ad hoc measure. It was hoped that the one-time payment would compensate, albeit only partially, for the financial difficulties facing the 79 United Nations retirees currently resident in Ecuador.

32. **Mr. Torres Léporl** (Argentina), speaking also on behalf of Brazil, commended the improvements made to the presentation of the report of the United Nations Joint Staff Pension Board. He enquired whether any of the 14 posts vacant as at 15 October 2007 had been filled and, in particular, requested a progress report on efforts undertaken to find a candidate for the post of Director of the Investment Management Service who satisfied the requirements set out by the Advisory Committee.

33. He welcomed the admission to the Fund of the International Organization for Migration, in accordance with General Assembly resolution 61/240. That resolution had also invited the Board to present a viable ad hoc measure to adequately attenuate the adverse consequences arising from dollarization in Ecuador, and he commended the Board for having complied with its mandate in that regard. While the measure proposed, namely a one-time, ex gratia payment, was not the optimum solution, it stood the best chance of being adopted by consensus by the General Assembly. He therefore supported the measure and urged other Member States to do likewise.

34. In accordance with the Noblemaire principle, the remuneration of international civil servants was determined by reference to the salary scale of the highest-paying national civil service. He looked forward to further discussion of that principle in informal consultations. He disagreed with a number of the Advisory Committee's observations and also took the view that, when introducing the report of the Pension Board, the Chairman of the Board had placed undue emphasis on certain issues to the detriment of others.

35. **Mr. Kishimoto** (Japan) said that the report of the Pension Board represented its considered opinion on how to manage the increased assets of the Pension Fund in a complex global market. It was obvious that the Fund's ability to meet future liabilities would

depend on its ability to safeguard its assets, and his delegation therefore shared the Advisory Committee's concern that the ad hoc payment measure for retirees in Ecuador would create a precedent and leave the Fund vulnerable to similar requests in future. Furthermore, the pension adjustment system should not be influenced by the economic situation of individual countries. Consequently, his delegation did not support the proposed measure.

International Trade Centre UNCTAD/WTO (A/62/6 (Sect. 13)/Add.1 and A/62/7/Add.10)

Supplementary agreement between the United Nations and the Carnegie Foundation concerning the use of the Peace Palace at The Hague (A/62/7/Add.8 and A/62/496)

Request for a subvention to the United Nations Institute for Disarmament Research resulting from the recommendations of the Board of Trustees of the Institute on the work programme of the Institute for 2008-2009 (A/62/7/Add.5; A/C.5/62/3)

Financial situation of the International Research and Training Institute for the Advancement of Women (A/62/7/Add.12 and A/62/509)

Construction of additional conference facilities at the Vienna International Centre (A/62/7/Add.9 and A/62/358)

Construction of additional office facilities at the Economic Commission for Africa in Addis Ababa (A/62/7/Add.11 and A/62/487)

36. **Ms. Van Buerle** (Director, Programme Planning and Budget Division), introducing the report of the Secretary-General on the proposed programme budget for the International Trade Centre UNCTAD/WTO (A/62/6 (Sect. 13)/Add.1), recalled that, since the International Trade Centre was a joint agency of the United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organization (WTO), each organization was responsible for 50 per cent of the agency's regular budget. The proposed overall level of resources for the biennium 2008-2009 amounted to SwF 68,680,900, before recosting, a net increase of 0.4 per cent as compared with the previous biennium. For the most part, that increase reflected the delayed impact of the three Professional posts approved for the biennium 2006-2007 and a net increase of SwF 159,300 in order to provide for four new Professional posts and the reclassification, offset by the abolition of three General Service posts, of one P-2 post to the P-4 level. She drew attention to paragraph 13.25 of the report, which described the change management process currently under way at the International Trade Centre.

37. Turning to the Secretary-General's report on the supplementary agreement between the United Nations and the Carnegie Foundation concerning the use of the Peace Palace at The Hague (A/62/496), she recalled that, over the years, a number of changes had been made to the original agreement, which had been concluded in 1946. The most recent change had been approved by the General Assembly in its resolution 52/222.

38. On the basis of the recently concluded consultations between the United Nations and the Carnegie Foundation, a draft supplementary agreement containing amendments to articles II and IV had been proposed (see annex to document A/62/496). Pursuant to that agreement, the annual contribution payable by the United Nations to the Carnegie Foundation would increase by 13 per cent to €1,152,218. A number of provisions relating to the use of the Peace Palace had also been proposed, and the effective date of the agreement would be 1 July 2006. The Carnegie Foundation had been informed that the proposed changes to the agreement would be subject to the approval of the General Assembly.

39. The proposed revision to the annual contribution to the Foundation would result in additional requirements estimated at $251,200 and $552,000, under section 7 of the programme budget for the biennium 2006-2007 and the proposed programme budget for the biennium 2008-2009, respectively. The action to be taken by the General Assembly was set out in paragraph 12 of the report.

40. With regard to the note by the Secretary-General on the request for a subvention to the United Nations Institute for Disarmament Research (UNIDIR) resulting from the recommendations of the Board of Trustees of the Institute on the work programme of the Institute for 2008-2009 (A/C.5/62/3), she recalled that the request for a subvention to UNIDIR should be submitted to the General Assembly for review and approval on a biennial basis in the context of its consideration of the proposed programme budget for the related biennium. Accordingly, the General

Assembly was requested to approve a subvention from the regular budget in the amount of $485,500 (before recosting) for UNIDIR for the biennium 2008-2009. The related provision was included in the proposed programme budget for the biennium 2008-2009 under section 4, and the action to be taken by the General Assembly was detailed in paragraph 6 of the note.

41. Introducing the report of the Secretary-General on the financial situation of the International Research and Training Institute for the Advancement of Women (A/62/509), she recalled that, in its decision 61/555 and its resolution 61/273, the General Assembly had decided, on an exceptional basis, to authorize the Secretary-General to enter into commitments of up to $190,000 and $367,800, respectively, for the financing of the Institute, subject to full reimbursement and pending receipt of voluntary contributions.

42. Section II of the report described the financial situation of the Institute in 2006-2007. As shown in table 1, the projected closing balance of the Trust Fund as at 31 December 2007 was $643,600. Following the full reimbursement of the commitment authority (in the amount of $557,800), the surplus of $85,800 would be carried over into the financial year beginning 1 January 2008. Section III gave an overview of the projected financial situation of the Institute for 2008. Its operational budget, as approved by the Executive Board, had been estimated at $1.5 million. In that connection, she was pleased to inform the Committee that assured contributions for the first quarter of 2008 were likely to be significantly higher than the figure of $423,000 mentioned in paragraph 10 of the report. That positive situation was the result of the Institute's efforts to secure sustained resources to fund its core activities through, inter alia, the approval of the medium-term resource mobilization strategy. The Institute had also concluded a fund-raising agreement with the United Nations Foundation and the United Nations Fund for International Partnerships. The action required of the General Assembly was set out in paragraph 16 of the report.

43. Turning to the Secretary-General's report on the construction of additional conference facilities at the Vienna International Centre (A/62/358), she said that construction was due to be completed by the end of 2007 and the installation of technical equipment would be completed by mid-2008. Full use of the building should be possible by 1 January 2009. Paragraph 6 of the report contained information about the ongoing asbestos removal project, and the action to be taken by the General Assembly was set out in paragraph 7.

44. Lastly, with regard to the Secretary-General's report on the construction of additional office facilities at the Economic Commission for Africa in Addis Ababa (A/62/487), she drew attention to paragraphs 4 to 7, which described the delays and cost escalation that had affected the project, which was now expected to be completed in August 2010. Sections IV and V of the report contained details of the additional security and construction requirements, and table 3 gave an overview of the revised project cost. The additional funding requested amounted to around $1.8 million, which would bring the total project cost to $14,333,100. Based on the projected expenditure for each year (set out in the annex to the report), a commitment authority was being sought under sections 32, 33 and 35 of the proposed programme budget for the biennium 2008-2009. The action to be taken by the General Assembly was set out in paragraph 15.

45. **Mr. Saha** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related reports of the Advisory Committee (A/62/7/Add.10, Add.8, Add.5, Add.12, Add.9 and Add.11), drew attention to paragraph 6 of the Advisory Committee's report on the International Trade Centre UNCTAD/WTO (A/62/7/Add.10). Subject to the recommendations contained in that paragraph, the General Assembly might wish to approve the proposed budget under section 13 of the proposed programme budget for the biennium 2008-2009.

46. Turning to the supplementary agreement between the United Nations and the Carnegie Foundation on the use of the Peace Palace, he drew attention to paragraphs 2 to 5 of the Advisory Committee's ninth report (A/62/7/Add.8). The Advisory Committee was recommending that the General Assembly should approve the course of action proposed by the Secretary-General in paragraph 12 (a), (b) and (c) of his report (A/62/496).

47. The Advisory Committee's report on the request for a subvention for UNIDIR was contained in document A/62/7/Add.5. In accordance with General Assembly resolution 60/248, the request covered the full biennium 2008-2009 and was consistent with the relevant provisions of the proposed programme budget for that biennium. During its consideration of the

request, the Advisory Committee had engaged in an exchange of views with representatives of the Institute concerning the continuing need for a subvention from the regular budget, given the fairly positive financial position of the Institute as far as voluntary contributions were concerned. The Committee had been informed that the subvention had been requested mainly in order to assure the independence of the Director of the Institute, which was vital given the highly political nature of disarmament and international security issues. The Advisory Committee was therefore recommending approval of the request for a subvention of $485,500 for UNIDIR for 2008-2009.

48. Introducing the Advisory Committee's report on the financial situation of the International Research and Training Institute for the Advancement of Women (A/62/7/Add.12), he said that the Advisory Committee noted that the Institute had adopted a medium-term resource mobilization strategy for 2008-2009 aimed at securing funds for the implementation of its core activities from both Member States and the private sector and at developing strategic and collaborative partnerships with other organizations. It also noted the encouraging trend reflected in the renewed commitment of Member States to support the Institute. The Advisory Committee welcomed the improved financial situation of the Institute and commended the Executive Board for its proactive approach and its efforts to secure sustainable financing.

49. Turning to the construction of additional conference facilities at the Vienna International Centre, he drew attention to paragraph 3 of the Advisory Committee's report (A/62/7/Add.9). The Advisory Committee welcomed the inclusion in the Secretary-General's report of information on asbestos removal and was recommending that the General Assembly should take note of that report.

50. Lastly, he drew attention to paragraph 4 of the Advisory Committee's report on the construction of additional office facilities at the Economic Commission for Africa (A/62/7/Add.11), in which it noted that the Secretary-General had requested additional funding of $1,849,000 (net of staff assessment). The Advisory Committee also noted that the Commission was collaborating with the local authorities on the construction of an alternative public access road, and that, while the Addis Ababa municipality remained positive as to the timely construction of the road, no progress had been made to date. In the event that the Commission had to construct the access road, additional costs for the United Nations would be incurred. The Secretary-General should therefore actively pursue the conclusion of the relevant negotiations in a timely manner so as not to delay the construction project.

51. The Advisory Committee was recommending the approval by the General Assembly of the course of action proposed in paragraph 15 (a) and (b) of the Secretary-General's report (A/62/487). At the same time, however, it was of the opinion that cost containment measures should be taken to ensure that the project did not entail further cost escalation.

52. **Mr. Hussain** (Pakistan), speaking on behalf of the Group of 77 and China, said that the Group continued to support the work of the International Court of Justice (ICJ) and that it welcomed the supplementary agreement between the United Nations and the Carnegie Foundation concerning the use of the Peace Palace at The Hague. The clarity regarding the amount of space allocated to the Court and the procedures for modifying that area would hopefully help the Court decide on any further adjustments. The Group agreed with the amendments to the supplementary agreement and would take appropriate action regarding the additional financial requirements in the context of the programme budget for the bienniums 2006-2007 and 2008-2009.

53. The Group noted the Secretary-General's report on the construction of additional office facilities at the Economic Commission for Africa (ECA) in Addis Ababa (A/62/487) and considered that the additional resources requested were essential to address the additional requirements relating to safety and security, the positioning of the elevators and the electrical circuitry, changes in the project design and cost escalation. Every effort should be made to adhere to the budget and to complete the project by 2010.

54. The Group also noted the progress report on the construction of additional conference facilities at the Vienna International Centre (A/62/358) and would consider the information provided by the Secretary-General in the context of section 32.

55. Turning to the Secretary-General's report on the financial situation of the International Research and Training Institute for the Advancement of Women (INSTRAW) (A/62/509), the Group expressed its

appreciation to the Executive Board and the Director for having helped the Institute secure sustainable financing. It was also deeply grateful to the countries that had made voluntary contributions. Having achieved financial stability, the Institute would be able to implement the many useful projects it had planned for the future. To avoid future financial difficulties, it must redouble its fund-raising efforts and ensure that the voluntary contributions were delivered.

56. The Group also welcomed the voluntary contributions pledged to the United Nations Institute for Disarmament Research (UNIDIR) and commended the Institute for its useful work. With respect to the request for a subvention resulting from the recommendations of the Board of Trustees of the Institute on the work programme of the Institute for 2008-2009, as contained in document A/C.5/62/3, it supported the approval of the total amount of $485,500 from the regular budget for the biennium 2008-2009.

57. Lastly, the Group noted the report on the International Trade Centre UNCTAD/WTO (A/62/6 (Sect. 13)/Add.1) and expressed support for the activities planned for the period 2008-2009. It was particularly pleased that subprogramme 6 would focus its technical assistance on the least developed countries and small and vulnerable economies and that special attention would be paid to the specific needs of landlocked and small island States.

58. **Mr. Ramos** (Portugal), speaking on behalf of the European Union, said that the European Union was grateful to the Government of Austria for assuming the majority of the financial burden related to the ongoing construction project at the Vienna International Centre and the asbestos removal in particular. It was also pleased that the Government of Ethiopia had allocated additional land to ECA and looked forward to its continued cooperation. Lastly, it was grateful to the Government of the Netherlands for continuing to support the maintenance of the Peace Palace in The Hague through the Carnegie Foundation and welcomed the successful conclusion of the negotiation on the supplementary agreement.

59. **Mr. Lithgow** (Dominican Republic), speaking on behalf of the Rio Group, said that the Rio Group reaffirmed the importance of INSTRAW as the only institute in the United Nations system with a specific mandate to conduct research and training for gender equality and the advancement of women.

60. Although it had faced financial difficulties for some years, the Institute had managed to achieve greater visibility and stability. The Institute's Director, Ms. Carmen Moreno, was to be commended for her fund-raising activities and efforts to increase the Institute's interaction with relevant United Nations bodies.

61. The Rio Group was pleased that Governments supported the Institute's work and commended the INSTRAW Executive Board for its excellent leadership. It was especially grateful to the Board for having approved a strategic framework for 2008-2011 and a workplan, the implementation of which would foster discussions on international migration and development and financing for development. The Board had also approved the operational budget for 2008, which had been elaborated in cooperation with the United Nations Fund for International Partnerships.

62. The Rio Group noted that the projected income of the INSTRAW Trust Fund for core activities for the biennium 2006-2007 was sufficient to fully reimburse the amounts of $190,000 and $367,800 authorized by the General Assembly in its decision 61/555 and its resolution 61/273 respectively. It took note of the Secretary-General's report (A/62/509) and concurred with the recommendations contained in the related report of the Advisory Committee on Administrative and Budgetary Questions (A/62/7/Add.12).

63. **Mr. Debabeche** (Algeria), speaking on behalf of the African Group, said that the Group was concerned that the construction of additional office facilities at ECA had not yet started; however, it trusted that the signing of the addendum to the host country agreement would expedite the project. It welcomed the collaboration between ECA and the Addis Ababa local authorities on the construction of the alternate public access road and hoped that it would be completed before the start of the construction of the new office facility.

64. The Group noted with concern that the construction project was continually being revised and that it would not be completed until August 2010. In that connection, it concurred with the Advisory Committee that cost containment measures should be taken so that the project did not entail further cost escalation. It regretted that the project coordinator could not join ECA until April 2007.

65. The Group took note that the bidding exercise for a general contractor had been initiated and expressed confidence that the selection would be carried out in conformity with the Organization's procurement guidelines. It also welcomed the decision to hire a locally based architect for the construction phase, as not having to rely on an international architect would save time as well as money. Lastly, it was pleased that an independent quantity surveyor would be hired to provide oversight by United Nations Headquarters. It hoped that the three appointments would accelerate the commencement of the construction.

66. The Group attached great importance to strengthening the security and safety of United Nations staff; the provision of security required proper budgeting and should not be funded through existing resources. The Group noted that the Secretary-General had estimated that 25 additional security officers would be required to provide security services to the construction areas and that the Advisory Committee recommended that the General Assembly should approve the necessary commitments as outlined in paragraph 15 (a) and (b) of the Secretary-General's report (A/62/487).

67. Lastly, the Group welcomed the repositioning of ECA. The reforms would strengthen the ECA subregional presence and enhance the Commission's role in strengthening coordination among United Nations agencies and other bodies. The Group would support the establishment of additional posts required as a result of the ECA repositioning during the informal consultations.

68. **Mr. Kassaye** (Ethiopia) said that, as the host country of the Economic Commission for Africa (ECA), Ethiopia had taken every necessary measure to ensure that the additional office facilities would be completed as scheduled. He firmly believed that the various privileges granted to ECA under the addendum to the host country agreement would facilitate the efficient and cost-effective implementation of the project. Noting the concerns reflected in the Secretary-General's report (A/62/487) regarding the timely construction of the alternate public access road by the Addis Ababa municipality, his Government would make every effort to expedite the construction of the road as well as the construction projection at ECA.

69. His delegation welcomed the decision to hire a locally based architect for the construction phase — which would indeed be a more cost-effective means of facilitating the day-to-day management of the project — and supported the proposal to hire 25 additional security officers for the construction site and other areas of the complex.

70. **Mr. Rashkow** (United States of America) said that his delegation welcomed the improved financial situation of INSTRAW and, in particular, its projected ability to reimburse the full commitment authority of $557,800 authorized by the General Assembly for the biennium 2006-2007. In the light of the serious financial situation facing INSTRAW earlier in 2007, it was reassuring that the Institute did not require yet another subvention to conclude its work for the calendar year and that it would enter the 2008 financial year with a projected balance of $85,800 after the commitment authority had been reimbursed.

71. It commended the INSTRAW Executive Board for taking the necessary steps to achieve greater financial stability and welcomed the Board's decision to approve a medium-term resource mobilization strategy for 2008-2009 to secure sustained resources to fund the Institute's core activities. It was imperative that the Executive Board should sustain its fund-raising activities and that it should ensure that the Institute's expenditures and operating budget coincided with income levels. Should projected voluntary contributions fall short of expectations, the Executive Board and Director must adjust the Institute's programme of work accordingly.

72. His delegation had concerns about the workplan and corresponding operational budget for 2008 of $1,541,000 as approved by the Executive Board, particularly since the estimate income projections for 2008 of $1,485,492 appeared overly optimistic. However, it was encouraged to learn in paragraph 4 of the Advisory Committee's related report (A/62/7/Add.12) that the assured contributions for 2008 for core activities would likely be higher than the figures cited in the Secretary-General's report (A/62/509), and it hoped that the Institute would be able to confirm that information.

73. His delegation encouraged the General Assembly to welcome the Institute's progress towards greater financial stability and reiterated its appeal to Member States to continue to provide voluntary contributions to support the Institute's ongoing work.

74. The United Nations Institute for Disarmament Research (UNIDIR) had received subventions from the United Nations regular budget for a number of years. His delegation opposed subventions for UNIDIR and proposed that the Institute should be funded exclusively through voluntary contributions. If sufficient funds were not contributed, it was time to review whether UNIDIR was meeting donor needs and whether it had a comparative advantage over other entities.

75. His delegation was grateful that the Government of Ethiopia had granted additional land for the construction project at ECA. However, it was concerned that, owing to delays in the design phase, additional security and safety requirements and unforeseen construction components, the cost of the overall project had escalated by nearly $3,000,000 over the initial budget request of $11,383,300. It expected the Secretary-General to actively pursue an agreement with the host country to build an access road to the construction site at no additional cost to the United Nations. It also supported the Advisory Committee's call for the adoption of cost containment measures so that the project did not escalate beyond the current proposed budget of $14,333,100. Cost containment measures and strict oversight were needed to ensure fiscal discipline and accountability.

76. **Mr. Romero-Martínez** (Honduras) said that his delegation supported the report of the Advisory Committee on the financial situation of the International Research and Training Institute for the Advancement of Women (INSTRAW) (A/62/7/Add.12) and that it appreciated the Member States' support for the Institute's work.

77. Speaking as President of the Institute, he said that the Executive Board had made every effort to internationalize the Institute's activities. The Institute was implementing projects all over the southern hemisphere and, at its last meeting in October 2007, the Board had approved the appointment of an executive officer in Addis Ababa to establish and promote projects in Africa.

78. The Institute's financial situation had gradually improved and he was pleased to confirm that INSTRAW would be able to reimburse funds received through subventions or loans by the end of 2007 and that it would not have to use regular budget funding. He urged all Member States to make voluntary contributions to the Institute as soon as possible, so that it could continue to pursue its objectives.

79. **Mr. Yamada** (Japan) said that the INSTRAW Statute clearly called for the Institute to operate on the basis of voluntary contributions. His delegation had strong reservations regarding subventions because they undermined sound management of United Nations resources and financial discipline.

80. His delegation welcomed the Institute's improved financial situation, as outlined in the reports of the Secretary-General (A/62/509) and the Advisory Committee (A/62/7/Add.12), and urged the Institute to maintain that situation during the biennium 2008-2009.

The meeting rose at noon.